

2005 DRAFTING REQUEST

Bill

Received: 10/06/2004

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Jeffrey Wood (608) 266-1194

By/Representing: Tony

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax, Individual - dedct/sbtrct

Extra Copies:

Submit via email: YES

Requester's email: Rep.WoodJ@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Expand the individual income tax deduction for college tuition expenses

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							State Tax
/1	mshovers 10/06/2004	kfollett 11/04/2004	rschluet 11/04/2004		sbasford 11/04/2004	sbasford 02/07/2005	

FE Sent For:

<END>

→ AT
Intro.

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LRB-0471

11/04/2004 02:54:01 PM

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/? mshovers

FE Sent For:

<END>

Shovers, Marc

From: Blodgett, Tony
Sent: Wednesday, October 06, 2004 9:42 AM
To: Shovers, Marc
Subject: Bill drafting request

Hi Marc,

Attached are the bill request and letter from our constituent regarding the request that we spoke about over the phone yesterday. I figured I'd email it in the spirit of the legislature supposedly going paperless. Let me know if in the future you would like me to send over hard copies or if email is fine.

Thanks!

Tony Blodgett
Legislative Aide
Office of Rep. Jeff Wood
(608) 266-1194: Office
(608) 658-7720: Cell
Tony.Blodgett@legis.state.wi.us



tuition deduction
100604.doc



Tuition Letter.doc

March 3, 2004

Representative Robin Kreibich
Wisconsin Assembly
PO Box 8952
Madison, WI 53708-8952

Dear Rob,

I am writing to protest discrimination in the state's income tax code as it pertains to the ability of families to take a deduction for college expenses. The portion of the code that I am referring to is found on line 11 of Form 1. In this year's tax instructions booklet, the instructions for line 11 are found in the right hand column on page 11.

My complaint is that families who send their students to private schools outside of Wisconsin are not eligible for the deduction. On its own merits, I don't think this is fair. Although there are areas where it is reasonable to promote the state and its institutions, using the state tax code to promote or force students to attend particular colleges is not one of these areas. The benefits that accrue from the investment in a college education are too significant, both for the students as individuals and for society as a whole, to have a policy that seeks to limit choices.

If Chippewa Falls High School, where my daughter Jenna graduated from last year, is representative of the state as a whole, the vast majority of students going on to college attend either Wisconsin or Minnesota public universities. Out of her graduating class of about 370 students, only ten or so are going to private college. {Of these, a few are attending Viterbo College. As I'm sure you are aware, families who send their children to private schools within Wisconsin are also eligible for the deduction.}

Therefore, the majority of families are enjoying both a public subsidy for their children's college education as well as a substantial tax break. I don't quibble with the former - it was our family's decision to have Jenna attend St. Olaf. However, because we have made the decision that the school which will provide her with the best education is located outside our state, it is not right that we should be denied the same tax benefit that 98% of the other families with students in college are entitled to.

Nor do I believe that this policy makes either good public policy or fiscal sense. The intent, it seems, is to encourage Wisconsin students to stay within state for their college education. On the one hand, given that the majority of students who go to in-state schools attend public universities that are already overcrowded and are having to limit enrollment, forcing families to feel they have to go to a Wisconsin school will only exacerbate this problem. On the other hand, if the universities feel that they have to increase their enrollment, more taxpayer dollars will have to go to the subsidies, worsening the state's budget picture.

Since I have learned about this portion of the tax code, I have shared this information with perhaps ten other families, some who are impacted by it, some who are not. Universally, everyone I spoke with feels the state's position is unfair and unreasonable. Some have had reactions of disbelief.

I encourage you to propose legislation that ends this discrimination. Further, if this provision has not been on the books for very long, I'd also welcome legislation that would permit families who were unfairly impacted by this to be able to amend prior tax returns to take advantage of the deduction as they should have been all along.

Thank you for your consideration. I welcome the opportunity to discuss this further.

Sincerely,

Jon Tulman
834 Stanley St.
Chippewa Falls, WI 54729
715-839-6190 (w)
715-723-5243 (h)

Note: This letter is being sent by e-mail and therefore lacks a signature

CC: Rep. Wood; Rep. Balow; Rep. Suder; Sen. Zien

7 North State Capitol
Post Office Box 8953
Madison, WI 53708-8953
(608) 266-1194
Fax: (608) 282-3667



JEFF WOOD

State Representative • 67th Assembly District

District: 1501 Miles Street
Chippewa Falls, WI 54729
(715) 726-9226
Rep. Woodj@legis.state.wi.us
Toll-Free: (888) 534-0067

Bill Request

Subject Area: Individual Income Taxation

Date: 10-06-04

Priority:

Contact: Tony, 266-1194

Problem: (see attached letter from our constituent to Rep. Kreibich).

Currently, under s. 71.05 (6) (b) 28, an individual paying for a student's college tuition expenses can take a tax deduction if that student attends any university, college, tech college or other school approved under s. 45.54 located in Wisconsin, or any public vocational school or public institution of higher education in Minnesota under the MN-WI reciprocity agreement.

This restricts individuals from taking a deduction if the student attends a private college in Minnesota. It further prevents those who attend an institution of higher education in our other border states from taking the deduction.

Proposed Solution: Change restrictions to what schools in Minnesota the student can attend to match that of Wisconsin and include Illinois, Iowa, and Michigan ("any university, college, tech college or a school approved under s. 45.54, that is located in Illinois, Iowa, Michigan, Minnesota or Wisconsin.")

Special Requests:



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-047171

MES...
[Handwritten signature]

11/8

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

[Handwritten signature]

- 1 AN ACT ...; **relating to:** expanding the individual income tax deduction for college
2 tuition expenses.

Analysis by the Legislative Reference Bureau

Current law provides a subtraction from federal adjusted gross income for an amount paid, up to \$3,000 per year per student, for tuition to attend a university, college, technical college, or other school that is approved by the Educational Approval Board and that is located in this state or that is subject to the Minnesota-Wisconsin reciprocity agreement. The subtraction is phased out at certain income levels. Also under current law, nonresidents and part-year residents of this state may claim a prorated amount of the subtraction based on a fraction, the numerator of which is the individual's wages, income, and net earnings from a trade or business that are taxable by this state and the denominator of which is the individual's total wages, income, and net earnings from a trade or business. The subtraction is further limited to the total wages, income, and net earnings from a trade or business taxable by this state.

Under this bill, the subtraction is expanded such that it may be claimed for tuition expenses at any college, university, or technical college that, approved by the Educational Approval Board and that is located in Minnesota, Illinois, Iowa, or Michigan.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

X

X

X

X

X

(15)

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (6) (b) 28. (intro.) of the statutes is amended to read:

71.05 (6) (b) 28. (intro.) An amount paid by a claimant for tuition expenses for a student who is the claimant or who is the claimant's child and the claimant's dependent who is claimed under section 151 (c) of the Internal Revenue Code, to attend any university, college, technical college or a school approved under s. 45.54, that is located in Wisconsin ^{no strike} ~~or to attend a public vocational school or public institution of higher education in, Minnesota under the Minnesota-Wisconsin reciprocity agreement under s. 39.47, Illinois, Iowa, or Michigan, calculated as follows:~~

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326.

SECTION 2. Initial applicability.

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31, this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)

Barman, Mike

From: Blodgett, Tony
Sent: Friday, February 04, 2005 2:34 PM
To: LRB.Legal
Subject: Draft review: LRB 05-0471/1 Topic: Expand the individual income tax deduction for college tuition expenses

It has been requested by <Blodgett, Tony> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-0471/1 Topic: Expand the individual income tax deduction for college tuition expenses